



DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

Petition for Exemption from the

Vehicle Theft Prevention Standard;

VOLKSWAGEN GROUP OF AMERICA, INC.

AGENCY: National Highway Traffic Safety Administration (NHTSA),
Department of Transportation (DOT).

ACTION: Grant of petition for exemption.

SUMMARY: This document grants in full the Volkswagen Group of America, Inc.'s (Volkswagen) petition for exemption of the Volkswagen Eos vehicle line in accordance with 49 CFR Part 543, Exemption from the Theft Prevention Standard. This petition is granted because the agency has determined that the antitheft device to be placed on the line as standard equipment is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard, 49 CFR Part 541, Federal Motor Vehicle Theft Prevention Standard.

DATES: The exemption granted by this notice is effective beginning with the 2014 model year.

FOR FURTHER INFORMATION CONTACT: Ms. Deborah Mazyck, Office of International Policy, Fuel Economy and Consumer Programs, NHTSA, West Building, W43-443, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590. Ms. Mazyck's phone number is (202) 366-4139. Her fax number is (202) 493-2990.

SUPPLEMENTAL INFORMATION: In a petition dated June 27, 2012, Volkswagen requested an exemption from the parts-marking requirements of the Theft Prevention Standard

(49 CFR Part 541) for the new MY 2014 Eos vehicle line. The petition requested an exemption from parts-marking requirement pursuant to 49 CFR Part 543, *Exemption from Vehicle Theft Prevention Standard*, based on the installation of an antitheft device as standard equipment for an entire vehicle line.

Under §543.5(a), a manufacturer may petition NHTSA to grant an exemption for one vehicle line per model year. In its petition, Volkswagen provided a detailed description and diagram of the identity, design, and location of the components of the antitheft device for its Eos vehicle line. Volkswagen will install its fourth generation, transponder-based electronic engine immobilizer antitheft device as standard equipment on its Eos vehicle line beginning with MY 2014. Volkswagen stated that its immobilizer device is aimed to actively incorporate the engine control unit into the evaluation and monitoring process. Key components of the antitheft device will include a passive immobilizer, a warning message indicator, an adapted transponder ignition key, an ignition lock reading coil, an engine control unit and an immobilizer control unit. Activation of the immobilizer device occurs when the mechanical ignition key is switched to the OFF position or when the key transponder is taken outside the vehicle in the optional keyless start option. Deactivation of the device occurs when the ignition is turned on or the key transponder is recognized by the immobilizer control unit. The key transponder sends a fixed code to the immobilizer control unit. If this is identified as the correct code, a variable code is generated in the immobilizer control unit and sent to the transponder. A secret arithmetic process is then started in the transponder and the control unit according to a set of specific equations. The results of the computing process is evaluated in the control unit and if they tally, the vehicle key is acknowledged as correct. The engine control unit then sends a variable code to the immobilizer control unit. If all these data match up with one another, start-up of the vehicle

is enabled. Volkswagen stated that a new variable code is generated each time during this secret computing process. Therefore, Volkswagen believes that the code is undecipherable.

Volkswagen stated that it will also offer a keyless start option for the vehicle line. Volkswagen's submission is considered a complete petition as required by 49 CFR 543.7, in that it meets the general requirements contained in §543.5 and the specific content requirements of §543.6.

Volkswagen stated that the antitheft device will also include an audible and visible alarm feature as standard equipment. When the system is activated, the alarm will trigger if one of the doors, the engine hood or the luggage compartment lid are forcibly opened. Volkswagen also stated that when any of the protected components are violated, the horn will sound and the vehicle's turn signals will flash. The antitheft alarm system is automatically activated when the vehicle is locked by pressing the lock button on the remote control vehicle key. Deactivation of the alarm system occurs by pressing the unlock button on the remote control vehicle key or turning on the ignition with a valid key.

In addressing the specific content requirements of 543.6, Volkswagen provided information on the reliability and durability of its proposed device. To ensure reliability and durability of the device, Volkswagen stated that the antitheft device has been tested for compliance to its corporate requirements for electrical and electronic assemblies in motor vehicles related to performance.

Volkswagen stated that the Eos vehicle line was introduced in MY 2007 as a parts-marked vehicle and was also equipped with a standard anti-theft device. Volkswagen also stated that the antitheft device has been effective in maintaining a low theft rate for the Eos and that removal of parts-marking will not have an adverse effect on the theft rate. Volkswagen stated that the theft rates for MYs 2007, 2008 and 2009 are 0.8250, 0.7239 and 0.5229, respectively.

Using an average of 3 MYs of the most recent theft data (2008-2010), the theft rate for the Eos vehicle line is well below the median at 0.1736.

Volkswagen compared the device proposed for its vehicle line with other devices which NHTSA has determined to be as effective in reducing and deterring motor vehicle theft as would compliance with the parts-marking requirements of the Theft Prevention Standard. Specifically, Volkswagen provided data on the theft reduction benefits experienced by other vehicle lines installed with immobilizer devices that have already been granted petitions for exemptions by the agency. Volkswagen stated the theft rates for the MYs 2007-2009 Mitsubishi Eclipse, BMW 3, Volkswagen Golf/GTI, Volkswagen New Beetle and the MYs 2008-2009 BMW 1 series vehicles have been below the median theft rate. Using an average of 3 MYs data (2007-2009), the average theft rates are 2.5788, 0.6548, 1.1433, and 0.6025, respectively. The average theft rate using two MYs data for the BMW 1 series is 0.2383. Volkswagen also stated that the proposed device is similar to the antitheft device installed on its MY 2011 Tiguan vehicle line which was granted an exemption by the agency on December 4, 2009 (see 74 FR 63820).

In support of its belief that its antitheft device will be as or more effective in reducing and deterring vehicle theft than the parts-marking requirement, Volkswagen referenced the effectiveness of immobilizer devices installed on other vehicles for which NHTSA has granted exemptions. Specifically, Volkswagen referenced information from the Highway Loss Data Institute which showed that BMW vehicles experienced theft loss reductions resulting in a 73% decrease in relative claim frequency and a 78% lower average loss payment per claim for vehicles equipped with an immobilizer. Volkswagen also stated that NCIC data showed a 70% reduction in theft when comparing the MY 1987 Ford Mustang with a standard immobilizer to the MY 1995 Ford Mustang without an immobilizer.

Based on the supporting evidence submitted by Volkswagen on the device, the agency believes that the antitheft device for the Eos vehicle line is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard (49 CFR Part 541). The agency concludes that the device will provide the five types of performance listed in §543.6(a)(3): promoting activation; attract attention to the efforts of an unauthorized person to enter or move a vehicle by means other than a key; preventing defeat or circumvention of the device by unauthorized persons; preventing operation of the vehicle by unauthorized entrants; and ensuring the reliability and durability of the device.

Pursuant to 49 U.S.C. 33106 and 49 CFR 543.7 (b), the agency grants a petition for exemption from the parts-marking requirements of part 541 either in whole or in part, if it determines that, based upon substantial evidence, the standard equipment antitheft device is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of part 541. The agency finds that Volkswagen has provided adequate reasons for its belief that the antitheft device for the Volkswagen Eos vehicle line is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard (49 CFR Part 541). This conclusion is based on the information Volkswagen provided about its device.

For the foregoing reasons, the agency hereby grants in full Volkswagen's petition for exemption for the Volkswagen Eos vehicle line from the parts-marking requirements of 49 CFR Part 541, beginning with the 2014 model year vehicles. The agency notes that 49 CFR Part 541, Appendix A-1, identifies those lines that are exempted from the Theft Prevention Standard for a given model year. 49 CFR Part 543.7(f) contains publication requirements incident to the disposition of all Part 543 petitions. Advanced listing, including the release of future product

nameplates, the beginning model year for which the petition is granted and a general description of the antitheft device is necessary in order to notify law enforcement agencies of new vehicle lines exempted from the parts-marking requirements of the Theft Prevention Standard.

If Volkswagen decides not to use the exemption for this line, it must formally notify the agency. If such a decision is made, the line must be fully marked according to the requirements under 49 CFR Parts 541.5 and 541.6 (marking of major component parts and replacement parts).

NHTSA notes that if Volkswagen wishes in the future to modify the device on which this exemption is based, the company may have to submit a petition to modify the exemption. Part 543.7(d) states that a Part 543 exemption applies only to vehicles that belong to a line exempted under this part and equipped with the anti-theft device on which the line's exemption is based. Further, Part 543.9(c)(2) provides for the submission of petitions "to modify an exemption to permit the use of an antitheft device similar to but differing from the one specified in that exemption."

The agency wishes to minimize the administrative burden that Part 543.9(c)(2) could place on exempted vehicle manufacturers and itself. The agency did not intend in drafting Part 543 to require the submission of a modification petition for every change to the components or design of an antitheft device. The significance of many such changes could be *de minimis*. Therefore, NHTSA suggests that if the manufacturer contemplates making any changes, the effects of which might be characterized as *de minimis*, it should consult the agency before preparing and submitting a petition to modify.

Authority: 49 U.S.C. 33106; delegation of authority at 49 CFR 1.50.

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Christopher J. Bonanti
Associate Administrator for
Rulemaking

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